

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Flushing	County Genesee
Audit Date 3/31/06	Opinion Date 6/21/06	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

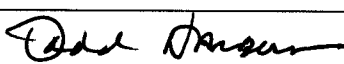
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Plante & Moran, PLLC			
Street Address 111 East Court Street, Suite 1A	City Flint	State MI	ZIP 48502
Accountant Signature 		Date 9/13/06	

Financial Report

**Charter Township of Flushing
Genesee County, Michigan**

March 31, 2006

with Supplemental Information

**Charter Township of Flushing, Michigan
Financial Report
March 31, 2006**

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Charter Township of Flushing, Michigan
Financial Report
March 31, 2006

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Introductory Section

Financial Report

Charter Township of Flushing

List of Principal Officials

March 31, 2006

Andrew Trogot, Supervisor

Julia A. Morford, Clerk

Carl G. Liepmann, Treasurer

Ann L. Fotenakes, Trustee

Scott Minaudo, Trustee

Barry Pratt, Trustee

Ida M. Reed, Trustee

Financial Section

Independent Auditors' Report

The Honorable Members
of the Township Board of the
Charter Township of Flushing
Genesee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing, Michigan (Township) as of and for the year then ended, March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Flushing, Michigan, as of March 31, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Flushing's basic financial statements. The introductory section and accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PLANTE & MORAN, PLLC

June 21, 2006

Management's Discussion and Analysis

Charter Township of Flushing Management's Discussion and Analysis

This section of the Charter Township of Flushing's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on March 31, 2006. Please read it in conjunction with the Township's financial statements, which follow this section.

Financial Highlights

- The Township's Total Net Assets are \$11.2 million, unrestricted net assets were \$3.1 million.
- During the year, the Township's expenses were \$25,000 less than the \$2,813,000 generated in taxes and other revenues for governmental activities.
- General fund revenues exceeded expenses by \$59,000.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide statements.
 - * The governmental fund statements tell how general government services like public safety and public service were financed in the short term as well as what remains for future spending.
 - * Proprietary fund statements offer short- and long-term financial information about the water and sewer system that the government operates like a business.
 - * Fiduciary fund statements provide information about the financial relationships where the Township acts as an agent, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Table 1 summarizes the major features of the Township’s financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of Charter Township of Flushing’s
Government-wide and Fund Financial Statements
Fund Statements**

<u>Type of Statements</u>	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Township government (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary, such as police, fire, and parks	Activities the Township operates similar to private businesses: the water and sewer system	Instances in which the Township is the trustee or agent for someone else’s resources
Required financial statements	Statement of net assets Statement of activities	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Agency funds statement of assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the Township’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	Increases and decreases to assets and liabilities

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets – the difference between the Township's assets and liabilities – is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base and the condition of the Township's roads.

The government-wide financial statements of the Township are divided into two categories:

- Governmental activities – Most of the Township's basic services are included here, such as the police, fire, public works, parks, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities – The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system is the only business-type activity.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds – not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

- Governmental funds – Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between the two sets of statements. The Township has the following governmental funds; general fund, law enforcement fund, solid waste fund, DARE fund, parks and recreation fund, drug law enforcement fund, building department fund and community development fund.
- Proprietary funds – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The Township has only one proprietary fund, the Water and Sewer Enterprise Fund. In fact, the Township's water and sewer enterprise fund (one type of proprietary fund) are the same as its business-type activities, but the water and sewer fund financial statements provide more detail and additional information, such as cash flows.

- Fiduciary funds – The Township is the fiduciary, for assets held on the behalf of others. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township’s fiduciary activities are reported in a separate agency fund balance sheet. We exclude these activities from the Township’s government-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis of the Township as a Whole

Governmental Activities

The Township’s governmental revenues were \$2.8 million this year. Property taxes were \$1.0 million or 36% of the total revenues. Federal and local grants and State revenue sharing made up \$739,435 or 26% of the total revenue. The remaining 38% of governmental activity revenues are comprised mostly of charges for services and franchise fees revenue.

Business-Type Activities

Operating revenues of the Township’s business-type activities increased \$56,098 from the prior year of \$947,634 to the current year total of \$1,003,732. Operating expenses increased by \$234,706. The major factors contributing to the increase in expenses was increased depreciation expense due to a change in accounting estimate of sewer infrastructure useful life from 100 to 60 years, reallocation of administrative costs from the general fund (\$53,148 increase) and a \$46,051 increase in water purchases. Net changes from non-operating activities increased from revenue of \$136,609 to a revenue of \$172,825, including contributions from residents for capital improvements. This increase was due mainly to a increase in investment interest and an increase in tap-in fees.

Charter Township of Flushing’s Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$1,296,384	\$1,324,334	\$2,196,619	\$2,437,850	\$ 3,493,003	\$ 3,762,184
Capital assets	1,554,292	1,529,309	6,594,276	6,311,621	8,148,568	7,840,930
Total assets	<u>\$2,850,676</u>	<u>\$2,853,643</u>	<u>\$8,790,895</u>	<u>\$8,749,471</u>	<u>\$11,641,571</u>	<u>\$11,603,114</u>
Long-term liabilities						
outstanding	\$ 149,152	\$ 204,860	\$ -	\$ -	\$ 149,152	\$ 192,875
Other liabilities	109,174	81,679	145,947	85,860	255,121	179,524
Total liabilities	<u>\$ 258,326</u>	<u>\$ 286,539</u>	<u>\$ 145,947</u>	<u>\$ 85,860</u>	<u>\$ 404,273</u>	<u>\$ 372,399</u>
Net assets:						
Invested in capital assets, net of related debt	\$1,548,410	\$1,521,442	\$6,594,276	\$6,311,621	\$8,142,686	\$ 7,833,063
Restricted	765,185	797,695	-	-	765,185	797,695
Unrestricted	278,755	247,967	2,050,672	2,351,990	2,329,427	2,599,957
Total net assets	<u>\$2,592,350</u>	<u>\$2,567,104</u>	<u>\$8,644,948</u>	<u>\$8,663,611</u>	<u>\$11,237,298</u>	<u>\$11,230,715</u>

Charter Township of Flushing's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 814,743	\$ 731,256	\$1,003,732	\$947,634	\$ 1,818,475	\$ 1,678,890
Operating grants and Contributions	74,791	79,476	-	-	74,791	79,476
Capital grants and contributions	-	-	109,170	93,000	109,170	93,000
General revenues:						
Property taxes	1,048,639	995,681	-	-	1,048,639	995,681
Unrestricted earnings	868,935	871,813	65,301	43,609	934,236	915,422
Total revenues	<u>2,807,108</u>	<u>2,678,226</u>	<u>1,178,203</u>	<u>1,084,243</u>	<u>3,985,311</u>	<u>3,762,469</u>
Expenses:						
General government	701,549	708,978	-	-	701,549	708,978
Public safety	1,336,246	1,254,212	-	-	1,336,246	1,254,212
Public service	152,148	230,831	-	-	152,148	230,831
Sanitation	465,241	448,634	-	-	465,241	448,634
Recreation and culture	126,678	132,561	-	-	126,678	132,561
Sewer and water	-	-	1,196,866	962,160	1,196,866	962,160
Total expenses	<u>2,781,862</u>	<u>2,775,216</u>	<u>1,196,866</u>	<u>962,160</u>	<u>3,978,728</u>	<u>3,737,376</u>
Increase (decrease) in net assets	25,246	(96,990)	(18,663)	122,083	6,583	25,093
Net assets - April 1, 2005	<u>2,567,104</u>	<u>2,664,094</u>	<u>8,663,611</u>	<u>8,541,528</u>	<u>11,230,715</u>	<u>11,205,622</u>
Net assets - March 31, 2006	<u>\$2,592,350</u>	<u>\$2,567,104</u>	<u>\$8,644,948</u>	<u>\$8,663,611</u>	<u>\$11,237,298</u>	<u>\$11,230,715</u>

Financial Analysis of the Township's Funds

As the Township completed the year, its General Fund reported a fund balance of \$398,801. This was an increase of \$58,577 from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The Township departments overall stayed below budget, resulting in total expenditures of \$88,729 below budget. This allowed the General Fund's fund balance to increase from \$340,224 a year ago to \$398,801 at March 31, 2006.

Capital Assets

At the end of 2006, the Township had invested \$8.1 million in capital assets, net of related debt. This amount complies with methods established by the Governmental Accounting Standards Board (GASB) for the implementation of GASB Statement 34. Capital assets as stated in this annual financial report do not include some prior year infrastructure items such as sidewalks and streets. Financial reporting in years before 2005 has not required some infrastructure items to be included with capital assets. Recognizing the problem of having local units gather together all of the required information, GASB has allowed smaller units of government like the Township to report infrastructure assets on a prospective basis only after adopting the new reporting standard.

Long-term Debt

At year-end the Township had a capital lease obligation of \$5,882 outstanding for equipment purchased for governmental activities. Business type activities (water and sewer services) do not have any long term debt obligations outstanding at March 31. Annual debt service requirements for the capital lease are approximately \$2,100 per year, with final payment due in 2010.

Limitations on Debt

The State limits the amount of general obligation debt the Township can issue to 10% of the assessed value of all taxable property within the Township's corporate limits. The Township does not have any debt outstanding that is subject to the State limitation as the capital lease obligation is specifically excluded.

Contacting the Township's Financial Administration

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Charter Township of Flushing Clerk's Department.

Basic Financial Statements

Government-wide Financial Statements

Charter Township of Flushing
Statement of Net Assets
March 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 932,034	\$ 404,713	\$ 1,336,747
Investments	211	1,427,162	1,427,373
Receivables	34,531	456,672	491,203
Due from other governments	224,893	9,425	234,318
Internal balances	101,353	(101,353)	-
Prepaid items	3,362	-	3,362
Capital assets - net:			
Assets not subject to depreciation	205,200	243,803	449,003
Assets subject to depreciation	1,349,092	6,350,473	7,699,565
Total assets	2,850,676	8,790,895	11,641,571
Liabilities			
Accounts payable	20,278	145,947	166,225
Accrued liabilities	14,099	-	14,099
Noncurrent liabilities:			
Due within one year	74,797	-	74,797
Due in more than one year	149,152	-	149,152
Total liabilities	258,326	145,947	404,273
Net Assets			
Invested in capital assets, net of related debt	1,548,410	6,594,276	8,142,686
Restricted for:			
Law enforcement	249,623	-	249,623
Garbage collection	515,170	-	515,170
Building inspection	392	-	392
Unrestricted	278,755	2,050,672	2,329,427
Total net assets	\$ 2,592,350	\$ 8,644,948	\$ 11,237,298

See notes to financial statements.

Charter Township of Flushing
Statement of Activities
For the Year Ended March 31, 2006

Functions\Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 701,549	\$ 210,475	\$ 5,689	\$ -
Public safety	1,336,246	124,478	61,452	-
Public service	152,148	-	7,278	-
Sanitation	465,241	479,790	-	-
Parks and recreation	126,678	-	372	-
Total governmental activities	2,781,862	814,743	74,791	-
Business-type activities				
Sewer and water	1,196,866	1,003,732	-	109,170
Total business-type activities	1,196,866	1,003,732	-	109,170
Total primary government	\$ 3,978,728	\$ 1,818,475	\$ 74,791	\$ 109,170

General revenues:

Property taxes
State-shared revenues
Investment earnings
Franchise fees and other
Sale of capital assets

Total general revenues

Change in net assets

Net assets - beginning of year

Net assets - ending of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (485,385)	\$ -	\$ (485,385)
(1,150,316)	-	(1,150,316)
(144,870)	-	(144,870)
14,549	-	14,549
(126,306)	-	(126,306)
(1,892,328)	-	(1,892,328)
-	(83,964)	(83,964)
-	(83,964)	(83,964)
(1,892,328)	(83,964)	(1,976,292)
1,048,639	-	1,048,639
739,435	-	739,435
37,295	63,655	100,950
92,205	-	92,205
-	1,646	1,646
1,917,574	65,301	1,982,875
25,246	(18,663)	6,583
2,567,104	8,663,611	11,230,715
\$ 2,592,350	\$ 8,644,948	\$ 11,237,298

Fund Financial Statements

Charter Township of Flushing
Governmental Funds
Balance Sheet
March 31, 2006

	General	Law Enforcement	Solid Waste
Assets			
Cash and cash equivalents	\$ 163,369	\$ 198,974	\$ 486,961
Investments	211	-	-
Accounts receivable	4,921	9,200	-
Due from other funds	108,534	-	-
Due from other governments	141,626	51,013	28,283
Prepaid items	3,149	213	-
Total assets	<u>\$ 421,810</u>	<u>\$ 259,400</u>	<u>\$ 515,244</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 19,799	\$ 352	\$ 74
Accrued liabilities	-	12,382	-
Due to other funds	3,210	-	-
Total liabilities	<u>23,009</u>	<u>12,734</u>	<u>74</u>
Fund balances:			
Reserved for prepaid items	3,149	213	-
Unreserved, undesignated, reported in:			
General fund	395,652	-	-
Special revenue funds	-	246,453	515,170
Total fund balances	<u>398,801</u>	<u>246,666</u>	<u>515,170</u>
Total liabilities and fund balances	<u>\$ 421,810</u>	<u>\$ 259,400</u>	<u>\$ 515,244</u>

See notes to financial statements.

Other Governmental Funds	Total
\$ 82,730	\$ 932,034
-	211
20,410	34,531
-	108,534
3,971	224,893
-	3,362
<u>\$ 107,111</u>	<u>\$ 1,303,565</u>

\$ 53	\$ 20,278
1,717	14,099
3,971	7,181
<u>5,741</u>	<u>41,558</u>

-	3,362
-	395,652
101,370	862,993
<u>101,370</u>	<u>1,262,007</u>
<u>\$ 107,111</u>	<u>\$ 1,303,565</u>

Charter Township of Flushing
Reconciliation of the Fund Balance as Reported in the
Governmental Balance Sheet to the Statement of Net Assets
For the Year Ended March 31, 2006

Total Governmental Funds Fund balance as reported in the Governmental Funds Balance Sheet	\$ 1,262,007
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,554,292
Long-term liabilities, including capital leases payable, are not due and payable in the current period, and therefore, are not reported as fund liabilities.	(5,882)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities.	<u>(218,067)</u>
Net assets of governmental activities	<u><u>\$ 2,592,350</u></u>

See notes to financial statements.

Charter Township of Flushing
Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2006

	General	Law Enforcement	Solid Waste
Revenues:			
Taxes	\$ 132,385	\$ 909,295	\$ -
Special assessments	-	-	479,790
Licenses and permits	-	-	-
Intergovernmental revenues:			
Federal	-	-	-
State	746,713	3,386	-
Local	-	62,767	-
Charges for services	177,062	-	-
Fines and forfeits	-	46,389	-
Interest	21,749	2,137	10,326
Other revenue	36,401	16,828	-
Total revenues	<u>1,114,310</u>	<u>1,040,802</u>	<u>490,116</u>
Expenditures:			
Current:			
General government	698,232	500	400
Public safety	149,343	1,051,807	-
Public service	225,158	-	-
Parks and recreation	-	-	-
Sanitation	-	-	465,241
Capital outlay	-	20,307	-
Total expenditures	<u>1,072,733</u>	<u>1,072,614</u>	<u>465,641</u>
Excess (deficiency) of revenues over expenditures	<u>41,577</u>	<u>(31,812)</u>	<u>24,475</u>
Other financing sources (uses):			
Transfers in	25,000	-	-
Transfers out	(8,000)	(25,000)	-
Total other financing sources (uses)	<u>17,000</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	58,577	(56,812)	24,475
Fund balances - beginning of year	340,224	303,478	490,695
Fund balances - end of year	<u><u>\$ 398,801</u></u>	<u><u>\$ 246,666</u></u>	<u><u>\$ 515,170</u></u>

See notes to financial statements.

Other Governmental Funds	Totals
\$ -	\$ 1,041,680
-	479,790
64,433	64,433
8,174	8,174
-	750,099
-	62,767
-	177,062
-	46,389
2,957	37,169
94,310	147,539
169,874	2,815,102
-	699,132
72,949	1,274,099
3,971	229,129
107,842	107,842
-	465,241
-	20,307
184,762	2,795,750
(14,888)	19,352
8,000	33,000
-	(33,000)
8,000	-
(6,888)	19,352
108,258	1,242,655
\$ 101,370	\$ 1,262,007

**Charter Township of Flushing
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2006**

Net Change in fund balances as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	19,352
--	----	--------

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlay		129,879
Depreciation Expense		(96,339)
Net book value of assets disposed of		(8,557)

Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment.		(21,074)
--	--	----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. This amount is the net effect
of these differences in the treatment of long-term debt and related items

		1,985
--	--	-------

Change in net assets of governmental activities	\$	25,246
---	----	--------

Charter Township of Flushing
Proprietary Funds
Statement of Net Assets
March 31, 2006

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 404,713
Investments	1,427,162
Receivables:	
Accounts	14,706
Unbilled	177,416
Special assessments - current portion	37,498
Tap-in contracts - current portion	10,978
Accrued interest	36,297
Due from other funds	3,210
Due from other governments	9,425
	<hr/>
Total current assets	2,121,405
	<hr/>
Noncurrent assets:	
Capital assets - net of accumulated depreciation	6,350,473
Construction in progress	243,803
Special assessments receivable - long-term portion	131,082
Tap-in contracts receivable - long-term portion	48,695
	<hr/>
Total noncurrent assets	6,774,053
	<hr/>
Total assets	8,895,458
	<hr/>
Liabilities	
Current liabilities:	
Accounts payable	145,947
Due to other funds	104,563
	<hr/>
Total current liabilities	250,510
	<hr/>
Net Assets	
Invested in capital assets, net of related debt	6,594,276
Unrestricted	2,050,672
	<hr/>
Total net assets	\$ 8,644,948
	<hr/>

See notes to financial statements.

**Charter Township of Flushing
Proprietary Fund
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended March 31, 2006**

	<u>Enterprise Fund Sewer and Water</u>
Operating revenues:	
Charges for services:	
Water usage fees	\$ 842,519
Sewer treatment fees	141,451
Late charges	19,401
Miscellaneous	361
	<hr/>
Total operating revenues	1,003,732
	<hr/>
Operating expenses:	
Water usage cost	684,070
Sewer treatment cost	112,489
Hydrant service	13,106
Computer billing charges	4,339
Professional fees	3,960
Depreciation	263,309
Pumping station maintenance	21,799
Pumping station utilities	2,436
Administration	85,800
Miscellaneous	5,558
	<hr/>
Total operating expenses	1,196,866
	<hr/>
Operating loss	(193,134)
	<hr/>
Non-operating revenues:	
Interest on investments	62,837
Interest on tap-in contracts and assessments	818
Sale of capital assets	1,646
	<hr/>
Total non-operating revenues	65,301
	<hr/>
Loss before contributions	(127,833)
Capital contributions - tap fees	109,170
	<hr/>
Change in net assets	(18,663)
Net assets - beginning of year	8,663,611
	<hr/>
Net assets - end of year	<u><u>\$ 8,644,948</u></u>

See notes to financial statements.

Charter Township of Flushing
Proprietary Fund
Statement of Cash Flows
For the Year Ended March 31, 2006

	<u>Enterprise Fund</u> <u>Sewer and</u> <u>Water</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,017,100
Payments to vendors	(801,659)
Net cash provided by operating activities	<u>215,441</u>
Cash flows from capital and related and financing activities:	
Collection of customer assessments	155,129
Proceeds from sales of capital assets	12,500
Purchase of capital assets	(556,818)
Interest received on assessments and tap-in receivables	818
Net cash used in capital and related financing activities	<u>(388,371)</u>
Cash flows from investing activities:	
Purchases of investments	(169,844)
Interest received on investments	55,344
Net cash used in investing activities	<u>(114,500)</u>
Net decrease in cash and cash equivalents	(287,430)
Cash and cash equivalents - beginning of year	<u>692,143</u>
Cash and cash equivalents - end of year	<u><u>\$ 404,713</u></u>
Cash flows from operating activities:	
Operating loss	\$ (193,134)
Adjustments to reconcile operating loss to net cash provided by operations:	
Depreciation	263,309
Changes in operating assets and liabilities:	
Receivables:	
Accounts	4,946
Unbilled	6,673
Due from other funds	4,764
Due from other governments	(3,015)
Accounts payable	60,087
Due to other funds	71,811
Net cash provided by operating activities	<u><u>\$ 215,441</u></u>

See notes to financial statements.

**Charter Township of Flushing
Balance Sheet
Fiduciary Fund
March 31, 2006**

	Tax Collection Agency Fund
Assets:	
Cash and cash equivalents	\$ 3,579
Accounts receivable	2,688
Total assets	<u>\$ 6,267</u>
Liabilities:	
Due to other governments	<u>\$ 6,267</u>
Total liabilities	<u>\$ 6,267</u>

See notes to financial statements.

Notes to Financial Statements

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

I. Summary of significant accounting policies

The accounting policies of the Charter Township of Flushing (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Flushing.

A. Reporting entity

The Charter Township of Flushing was formed in 1838. The Township provides the following services as authorized by law: public safety (police, fire and inspections), highways and streets, sanitation, public improvements, recreation, planning and general administrative services.

The accompanying financial statements present the Charter Township of Flushing, Michigan. The Township currently does not have any component units.

Joint venture agreement - The Township has entered into a joint agreement with the City of Flushing to share in the acquisition costs and operating costs of a senior citizens center for township and city residents. The facility renovation and operation is overseen by a joint building operating committee made up of two appointees from each municipality, and are selected by the city and township members. The joint building committee prepares an annual operating budget which is approved by each municipality. All operating regulations, policies, and rules for the center are determined by the committee and approved by the city and township. Operating expenses will be divided between the city and township based on resident usage records. The City of Flushing acts as the fiduciary agent for the Senior Center. During the current year, the Township's share of the operating costs of the Center was \$9,474. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Separate financial statements for the Senior Citizens Center are not available at June 30 2006.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Law Enforcement Fund accounts for police services provided to township residents.

The Solid Waste Fund accounts for sanitation services provided to township residents.

The Township reports the following major proprietary fund:

The Water Supply and Sewer Disposal System. One fund is maintained for the operations of the water distribution system and the sewage pumping and collection system that transports the sewage to Genesee County's treatment plant.

Additionally, the government reports the following fund types:

Agency Fund accounts for assets held by the Township in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The following major revenue sources meet the availability criterion: state shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after a period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Property Taxes

Property taxes are levied on each December 1 on taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Revenues generated by the levy of a 1% property tax administrative fee are recognized on a cash basis.

The Township's 2005 tax is levied and collectible on December 1, 2005, and is recognized as revenue in the year ended March 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The Township is permitted by law to levy up to \$5 per \$1,000 (5 mills) of taxable value for general governmental services. The tax rate for the year ended March 31, 2006, was \$0.50 per \$1,000 (0.5 mills) for general governmental services and \$3.4353 per \$1,000 (3.4353 mills) for police.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

I. Summary of significant accounting policies – (continued)

D. Property Taxes – (continued)

A comparison of assessed and taxable property values for the 2005 tax levy is as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real property	\$327,460,000	\$258,555,330
Qualified real property	160,800	160,020
Personal property	6,072,490	6,072,490
Total	<u>\$333,693,290</u>	<u>\$264,787,840</u>

E. Assets, liabilities, and net assets or equity

1. Bank Deposits

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the Township are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

3. Receivables and payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

4. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

I. Summary of significant accounting policies – (continued)

E. Assets, liabilities, and net assets or equity – (continued)

5. Capital assets – (continued)

Property, plant, equipment, and infrastructure of the Township is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Park assets	12-50
Vehicles	5
Vehicle equipment	5
Office equipment	5-12
Computer equipment	5
Maintenance equipment	6-12
Water system	60
Sewer system	60
Infrastructure	10-20

6. Compensated absences (vacation and sick leave)

All full-time Township employees are paid for sick days on an as needed basis up to a reasonable limit, as determined by management. Sick pay is recorded as an expenditure in the year used. Police officers may accumulate and carryover to the next fiscal year a maximum of 75 days of sick pay. Accumulated and unpaid sick pay liability has been accrued.

Police officers may accumulate and carryover to the next fiscal year no more than one-half of their annual vacation time up to two years. General Township employees are allowed to carryover up to half of their annual vacation time up to two years. Accumulated and unpaid vacation days for police officers and general Township employees have been accrued.

7. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

I. Summary of significant accounting policies – (continued)

E. Assets, liabilities, and net assets or equity – (continued)

9. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds. Informational summaries of projected revenues and expenses are provided for the Water and Sewer Enterprise Fund.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted on a departmental level for all budgetary funds through passage of a resolution in accordance with Public Act 621 of the State of Michigan.
4. The Supervisor is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. All budgets are adopted on a basis consistent with generally accepted accounting principles except as indicated in item 8 below.
6. Budget appropriations lapse at year end, except for approved contracts and certain federal grants which are appropriated on a contract (grant) length basis.
7. The original budget was amended during the year in compliance with the Township Charter and applicable state laws. The budget amounts reported in the financial statements represent the original and final budgeted expenditures as amended by the Township.
8. The Community Development Special Revenue Fund is budgeted on a project length basis. As a result of this different budget perspective, the Community Development Fund is not included in the special revenue budget to actual statements.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

II. Stewardship, compliance, and accountability – (continued)

B. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. The Township established a separate fund to account for the activity. Typically, the expenditures exceed the revenues and a transfer from the General Fund is made to cover the excess. The activity related to construction code activity for the year ended March 31, 2006 is as follows:

Surplus at April 1, 2005	\$ 740
Construction permit revenue	62,433
Expenditures:	
Professional services	<u>(72,933)</u>
Cumulative shortfall at March 31, 2006	<u>\$ (9,760)</u>

III. Detailed notes on all funds

A. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated three banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

III. Detailed notes on all funds – (continued)

A. Deposits and investments – (continued)

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$1,016,942 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
Repurchase Agreement	\$1,518,438	Counterparty

B. Receivables

Receivables as of year end for the Township's individual major funds, nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Law Enforcement</u>	<u>Solid Waste</u>	<u>Nonmajor Government Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 4,921	\$ 9,200	\$ -	\$ 20,410	\$ 2,688	\$ 37,219
Intergovernmental	141,626	51,013	28,283	3,971	-	224,893
Gross receivables	146,547	60,213	28,283	24,381	2,688	262,112
Less: allowance for uncollectibles	-	-	-	-	-	-
Net total receivables	<u>\$146,547</u>	<u>\$ 60,213</u>	<u>\$ 28,283</u>	<u>\$ 24,381</u>	<u>\$ 2,688</u>	<u>\$262,112</u>

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

III. Detailed notes on all funds – (continued)

B. Receivables – (continued)

Business type activities:

	<u>Water and Sewer</u>
Receivables:	
Accounts	\$192,122
Interest	36,297
Special assessments	168,580
Tap in contracts	59,673
Intergovernmental	<u>9,425</u>
Gross receivables	466,097
Less: allowance for uncollectibles	<u>-</u>
Net total receivables	<u><u>\$466,097</u></u>

IV. Detailed notes on all funds

A. Capital assets

Capital asset activity for the year ended March 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 193,200	\$ -	\$ -	\$ 193,200
Construction in progress	-	12,000	-	12,000
Capital assets, being depreciated:				
Total capital assets not being depreciated	<u>193,200</u>	<u>12,000</u>	<u>-</u>	<u>205,200</u>
Land improvements	371,857	-	-	371,857
Buildings and building improvements	1,134,920	18,345	-	1,153,265
Computer equipment	107,525	-	-	107,525
Maintenance equipment	48,441	-	-	48,441
Office Equipment	39,191	-	-	39,191
Vehicles	227,838	19,547	(20,537)	226,848
Vehicle equipment	1,279	-	-	1,279
Infrastructure	<u>87,017</u>	<u>79,987</u>	<u>-</u>	<u>167,004</u>
Total capital assets being depreciated	<u>2,018,068</u>	<u>117,879</u>	<u>(20,537)</u>	<u>2,115,410</u>

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

IV. Detailed notes on all funds - (continued)

A. Capital assets - (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities: - (continued)				
Less accumulated depreciation for:				
Land improvements	(100,483)	(24,765)	-	(125,248)
Buildings and building improvements	(298,869)	(20,312)	-	(319,181)
Computer equipment	(93,562)	(5,495)	-	(99,057)
Maintenance equipment	(16,516)	(4,133)	-	(20,649)
Office Equipment	(28,683)	(2,747)	-	(31,430)
Vehicles	(140,520)	(31,782)	11,980	(160,322)
Vehicle equipment	(1,151)	(128)	-	(1,279)
Infrastructure	(2,175)	(6,977)	-	(9,152)
Total accumulated depreciation	(681,959)	(96,339)	11,980	(766,318)
Net capital assets being depreciated	1,336,109	21,540	(8,557)	1,349,092
Governmental activities capital assets, net	\$1,529,309	\$ 33,540	\$ (8,557)	\$1,554,292
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,129	\$ 243,803	\$ (5,129)	\$ 243,803
Total capital assets, not being depreciated	5,129	243,803	(5,129)	243,803
Capital assets, being depreciated:				
Water system	6,728,639	118,144	-	6,846,783
Waterline	601,459	-	-	601,459
Sewer system	1,178,188	200,000	-	1,378,188
Machinery and equipment	29,150	-	(11,171)	17,979
Total capital assets, being depreciated	8,537,436	318,144	(11,171)	8,844,409
Less accumulated depreciation for:				
Water system	(1,816,582)	(112,802)	-	(1,929,384)
Waterline	(250,608)	(10,024)	-	(260,632)
Sewer system	(162,965)	(132,338)	-	(295,303)
Machinery and equipment	(789)	(8,145)	317	(8,617)
Total accumulated depreciation	(2,230,944)	(263,309)	317	(2,493,936)
Total capital assets, being depreciated, net	6,306,492	54,835	(10,854)	6,350,473
Business-type capital assets, net	\$ 6,311,621	\$ 298,638	\$ (15,983)	\$ 6,594,276

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

IV. Detailed notes on all funds – (continued)

A. Capital assets – (continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 20,565
Public safety	39,260
Public service	6,977
Recreation and cultural	<u>29,537</u>
Total - governmental activities	<u>\$ 96,339</u>
Business-type activities:	
Sewer and water	<u>\$263,309</u>
Total – business-type activities	<u>\$263,309</u>

B. Interfund receivables, payables, and transfers

The composition of interfund balances as of March 31, 2006 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Community development fund	\$ 3,971
	Sewer and water fund	104,563
Sewer and water fund	General fund	<u>3,210</u>
		<u>\$ 111,744</u>

These balances result from the time lag between the dates the goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers:

<u>Fund Providing Resource</u>	<u>Fund Receiving Resource</u>	<u>Amount</u>
General fund	Building department fund	\$ 8,000
Law Enforcement Fund	General fund	25,000

Transfer between the General fund and the Building department fund is for operating purposes. Transfer between the General fund and the Law enforcement fund is for repayment of capital expenditures paid for by the General fund.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

IV. Detailed notes on all funds – (continued)

C. Capital lease

The Township entered into a capital lease for the purchase of a copier. The capital lease is secured by the equipment purchased of \$8,399 for the township general office. The leased asset has been recorded in the Governmental Capital Assets. Future minimum lease payments are as follows:

<u>Year Ended</u>	
2007	\$ 2,172
2008	2,172
2009	2,172
2010	<u>543</u>
Future minimum lease payments	7,059
Less amount representing interest	<u>1,177</u>
Capital leases payable at March 31, 2006	<u><u>\$ 5,882</u></u>

D. Long-term debt

Long-term liability activity for the year ended March 31, 2006 can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 7,867	\$ -	\$ 1,985	\$ 5,882	\$ 1,586
Compensated absences	<u>196,993</u>	<u>94,285</u>	<u>73,211</u>	<u>218,067</u>	<u>73,211</u>
Total governmental activities long-term debt	<u><u>\$204,860</u></u>	<u><u>\$ 94,285</u></u>	<u><u>\$ 75,196</u></u>	<u><u>\$223,949</u></u>	<u><u>\$ 74,797</u></u>

V. Other information

A. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance coverage for all claims except employee dental benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Township pays dental and vision claims on a reimbursement basis and has set aside employee and employer contributions to pay these claims in the General fund. Liability for unpaid claims was immaterial at March 31, 2006.

B. Deferred compensation

The Township offers its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. The Township's plan administrator, Nationwide Retirement Solutions and Aetna, has placed the assets of the plan within a restricted trust for the exclusive benefit of employees. As a result, the plan assets are not considered assets of the Township and are not recorded in these financial statements.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

V. Other information – (continued)

C. Retirement Plans

Benefit provisions and contributions obligations have been established by the Township Board.

Defined benefit plan:

The Township participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the State of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The Township has no fiduciary responsibility for the plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

(a) Plan description:

The pension plan provides pension benefits, deferred allowances, and death and disability benefits for Township employees. Benefits are vested after eight years of service for non-union and after ten years for police officers and command. Retirement is based on the following requirements:

Age 60 with 10 or more years of credited service,
Age 50 with 25 or more years of credited service for police officers and command, and
Age 55 with 15 or more years of credited service for non-union can retire.

Employees who retire after reaching their requirement are entitled to 3.0% of the member's three year final average compensation (FAC) times the number of years and months of credited service for that member. The annual benefit shall not exceed 80% of the FAC.

Pension provisions include deferred allowances whereby an employee may terminate employment with the Township after accumulating 10 years of service for police officers and command and 8 years of service for non-union but before reaching the age of 60. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching retirement age as discussed above.

Pension provisions include death and disability benefits. A disabled employee is entitled to full benefits after acquiring 10 or more years of credited service, whereas a surviving spouse is entitled to receive an amount equal to 85% of the employee's final, three-year average salary. Benefits are determined by State statutes.

Membership in the plan at December 31, 2005, the date of the latest actuarial valuation, is comprised of 14 non-union and 10 police officer and command active members. There were 0 non-union and 2 police officer and command inactive vested members, and 2 non-union and 0 police officer and command retirants, or beneficiaries at December 31, 2005.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

V. Other information – (continued)

C. Retirement Plans – (continued)

Defined benefit plan: - (continued)

(b) Contributions:

The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

(c) Funding method and assumptions:

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. Non-union employees are required to deposit 0% and police officers are required to deposit 2.0% of all monetary compensation. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The Township's current rate was 16.59% non-union, 11.33% patrol police officers, and 22.37% command police officers of annual covered payroll.

Information as of the latest actuarial valuation follows:

Annual required pension cost	\$170,061
Contributions made	170,061
Actuarial valuation date	December 31, 2005
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent
Remaining amortization period (weighted)	30 years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	8.0%
Projected salary increase	4.5%

Defined Benefit Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
12/31/03	\$ 719,144	\$1,035,184	\$ 316,040	69.5	\$ 502,343	63%
12/31/04	1,501,446	2,463,464	962,018	60.9	981,651	98
12/31/05	1,765,298	3,086,437	1,321,139	57.2	1,024,139	129

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

V. Other information – (continued)

C. Retirement Plans – (continued)

Defined Benefit Pension Plan
Determination of Annual Required Contribution and Net Pension Obligation
For Plan Year Ended December 31, 2005

Annual required contribution (ARC)	\$ 170,061
Contributions made	<u>(170,061)</u>
Increase in Net Pension Obligation (NPO)	-
Net Pension Obligation - beginning of year	<u>-</u>
Net Pension Obligation - end of year	<u><u>\$ -0-</u></u>

D. Other postemployment benefits

The Township has elected to provide postemployment health care benefits to command unit police officers who reach at least 25 years of seniority and their spouse. The government pays the full cost of coverage for these benefits. Also, the retirees and their spouses must commit to enrolling in Medicare Part B at age 65.

The Township has elected to provide postemployment health care benefits to any non-contractual employee retiring after March 31, 2004 with 25 years of service. The retiree must commit to enrolling in Medicare Part B at age 65. The Township will pay the full cost of the retired employee's Medicare Supplement Part B.

Also, the Township has elected to provide postemployment health benefits to certain patrol police officers who retire with at least twenty-five years of seniority. Effective April 1, 2005, the Township is required to pay no more than \$750 per month per retiree for premiums under the medical/hospitalization insurance plan. Any remaining costs will be borne solely by the retiree. The amount the Township is required to pay shall increase 10% each year effective on April 1. In no event shall the Township be required to pay more than the actual cost of the health insurance premium. Also, the retirees and their spouses must commit to enrolling in Medicare Part B when eligible or, at the latest, at age 65.

The benefits are provided through private insurers and all premiums are paid when incurred. At March 31, 2006 there is one retiree who is eligible for benefits under the three plans noted above. For the year ended March 31, 2006, made payments for postemployment health care premiums of \$1,560.

Upcoming reporting change: The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement will be effective for the year ended March 31, 2009.

Charter Township of Flushing
Notes to Financial Statements
March 31, 2006

V. Other information – (continued)

E. Summary disclosures of significant contingencies

The Township participates in the federally assisted Community Development Block Grant Program and COPS Program. These grant programs are subject to monitoring by the granting agency. The granting agency has yet to make final approval of the expenditures charged to the grants. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

F. Commitments

The Township, during fiscal year 2005, entered into a five year contract with another governmental unit to provide fire protection to the Township. The contract requires quarterly payments of \$28,000 to be made through June 30, 2009.

G. Change in accounting estimate

During fiscal year 2006, the Township changed its estimate for sewer capital asset life from 100 to 60 years. The Township believes the shorter life provides a better estimate for the assets. The effect of this change was to decrease change in net asset for business-type activities for 2006 by \$127,050.

Required Supplemental Information

**Charter Township of Flushing
General Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Taxes	\$ 125,000	\$ 132,385	\$ 132,385	\$ -
Intergovernmental - state	757,000	757,000	746,713	(10,287)
Charges for services	145,500	164,000	177,062	13,062
Interest	11,700	11,700	21,749	10,049
Other revenue	37,740	37,740	36,401	(1,339)
Total revenues	1,076,940	1,102,825	1,114,310	11,485
Expenditures				
Current:				
General government:				
Township board	121,600	158,510	149,448	9,062
Supervisor	62,750	66,325	66,012	313
Assessor	68,625	79,760	77,815	1,945
Elections	500	4,700	4,627	73
Clerk	147,600	149,580	144,929	4,651
Accounting	57,250	66,660	66,195	465
Treasurer	110,050	119,020	117,356	1,664
Township hall and grounds	32,200	74,300	71,850	2,450
Public safety:				
Fire	112,000	112,000	111,000	1,000
Building department	17,122	38,800	38,343	457
Public service	290,200	289,050	225,158	63,892
Capital outlay:				
General government:	2,250	1,450	-	1,450
Public service	1,000	100	-	100
Total expenditures	1,023,147	1,160,255	1,072,733	87,522
Excess (deficiency) of revenues over expenditures	53,793	(57,430)	41,577	99,007
Other financing sources (uses):				
Transfers in	27,000	26,500	25,000	(1,500)
Transfers out	(60,000)	(10,000)	(8,000)	2,000
Total other financing sources (uses)	(33,000)	16,500	17,000	500
Net change in fund balances	20,793	(40,930)	58,577	99,507
Fund balance - beginning of year	340,224	340,224	340,224	-
Fund balance - end of year	\$ 361,017	\$ 299,294	\$ 398,801	\$ 99,507

**Charter Township of Flushing
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Taxes	\$ 880,000	\$ 909,605	\$ 909,295	\$ (310)
Intergovernmental:				
State	2,650	2,650	3,386	736
Local	52,000	52,000	62,767	10,767
Fines and forfeits	26,000	26,000	46,389	20,389
Interest	11,520	11,520	2,137	(9,383)
Other revenue	3,325	3,325	16,828	13,503
Total revenues	<u>975,495</u>	<u>1,005,100</u>	<u>1,040,802</u>	<u>35,702</u>
Expenditures				
Current:				
General government:				
Township board	700	700	500	200
Public safety:				
Law enforcement	1,050,956	1,072,670	1,051,807	20,863
Capital outlay:				
Public safety	28,000	27,000	20,307	6,693
Total expenditures	<u>1,079,656</u>	<u>1,100,370</u>	<u>1,072,614</u>	<u>27,756</u>
Excess (deficiency) of revenues over expenditures	<u>(104,161)</u>	<u>(95,270)</u>	<u>(31,812)</u>	<u>63,458</u>
Other financing uses:				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	<u>(129,161)</u>	<u>(120,270)</u>	<u>(56,812)</u>	<u>63,458</u>
Fund balance - beginning of year	<u>303,478</u>	<u>303,478</u>	<u>303,478</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 174,317</u></u>	<u><u>\$ 183,208</u></u>	<u><u>\$ 246,666</u></u>	<u><u>\$ 63,458</u></u>

**Charter Township of Flushing
Solid Waste Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended March 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Special assessments	\$ 447,000	\$ 447,000	\$ 479,790	\$ 32,790
Interest	1,300	1,300	10,326	9,026
Total revenues	448,300	448,300	490,116	41,816
Expenditures				
Current:				
General government:				
Township board	250	400	400	-
Sanitation	448,000	466,000	465,241	759
Total expenditures	448,250	466,400	465,641	759
Net change in fund balances	50	(18,100)	24,475	42,575
Fund balance - beginning of year	490,695	490,695	490,695	-
Fund balance - end of year	\$ 490,745	\$ 472,595	\$ 515,170	\$ 42,575

Charter Township of Flushing
Notes to Required Supplementary Information
March 31, 2006

Summary of Significant Accounting Policies - Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

The budgets for the Major Governmental Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Other Supplemental Information

**Charter Township of Flushing
Non-Major Governmental Funds
Summary Descriptions
March 31, 2006**

Special Revenue Funds

DARE

To account for the activity of the Drug Abuse Resistance Education Program. The Township Police Department has set up the program to provide drug education to students in the local schools.

Parks and Recreation

To account for the activity related to the operation of the Township's nature park.

Drug Law Enforcement

This fund is used to account for revenues from the sales of drug confiscated items. Expenditures are restricted to drug enforcement and prevention.

Building Department

To account for revenues and expenditures related to the Building Department activities.

Community Development

This fund is used to account for federal grant funds that are used for projects suggested by the citizenry.

Charter Township of Flushing
Nonmajor Special Revenue Governmental Funds
Combining Balance Sheet
March 31, 2006

Assets	D.A.R.E	Parks and Recreation	Drug Law Enforcement
Cash and cash equivalents	\$ 953	\$ 78,416	\$ 2,004
Accounts receivable	-	20,314	-
Due from other governments	-	-	-
Total assets	<u>\$ 953</u>	<u>\$ 98,730</u>	<u>\$ 2,004</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 53	\$ -
Accrued liabilities	-	656	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>709</u>	<u>-</u>
Fund balances:			
Reserved for prepaid items	-	-	-
Unreserved, undesignated	953	98,021	2,004
Total fund balances	<u>953</u>	<u>98,021</u>	<u>2,004</u>
Total liabilities and fund balances	<u>\$ 953</u>	<u>\$ 98,730</u>	<u>\$ 2,004</u>

Building Department	Community Development	Totals
\$ 1,357	\$ -	\$ 82,730
96	-	20,410
-	3,971	3,971
<hr/>		
\$ 1,453	\$ 3,971	\$ 107,111
<hr/>		

\$ -	\$ -	\$ 53
1,061	-	1,717
-	3,971	3,971
<hr/>		
1,061	3,971	5,741
<hr/>		

-	-	-
392	-	101,370
<hr/>		
392	-	101,370
<hr/>		
\$ 1,453	\$ 3,971	\$ 107,111
<hr/>		

Charter Township of Flushing
Nonmajor Special Revenue Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2006

	D.A.R.E	Parks and Recreation	Drug Law Enforcement
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental:			
Federal	-	4,203	-
Interest	-	2,862	57
Other revenue	27	94,062	107
Total revenues	27	101,127	164
Expenditures:			
Current:			
Public safety:			
Law enforcement	-	-	16
Building department	-	-	-
Public service:			
Community service	-	-	-
Parks and recreation	-	107,842	-
Total expenditures	-	107,842	16
Excess (deficiency) of revenues over expenditures	27	(6,715)	148
Other financing sources:			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	27	(6,715)	148
Fund balances - beginning of year	926	104,736	1,856
Fund balances - end of year	\$ 953	\$ 98,021	\$ 2,004

Building Department	Community Development	Totals
\$ 64,433	\$ -	\$ 64,433
-	3,971	8,174
38	-	2,957
114	-	94,310
64,585	3,971	169,874
-	-	16
72,933	-	72,933
-	3,971	3,971
-	-	107,842
72,933	3,971	184,762
(8,348)	-	(14,888)
8,000	-	8,000
8,000	-	8,000
(348)	-	(6,888)
740	-	108,258
\$ 392	\$ - 0 -	\$ 101,370

Charter Township of Flushing
Nonmajor Special Revenue Governmental Funds
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2006

	D.A.R.E.			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Amended		
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal	-	-	-	-
Interest	-	-	-	-
Other revenue	110	110	27	83
Total revenues	110	110	27	83
Expenditures:				
Current:				
Public safety:				
Law enforcement	-	-	-	-
Building department	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	110	110	27	83
Other financing sources:				
Transfers in	-	-	-	-
Total other sources	-	-	-	-
Net change in fund balances	110	110	27	83
Fund balance - beginning of year	926	926	926	-
Fund balance - end of year	\$ 1,036	\$ 1,036	\$ 953	\$ 83

Parks and Recreation				Drug Law Enforcement			
Budgeted Amounts		Actual	Variance With Final Budget	Budgeted Amounts		Actual	Variance With Final Budget
Original	Amended			Original	Amended		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,100	5,100	4,203	(897)	-	-	-	-
4,600	4,600	2,862	(1,738)	10	10	57	47
95,000	96,600	94,062	(2,538)	25	25	107	82
104,700	106,300	101,127	(5,173)	35	35	164	129
-	-	-	-	5.00	25	16	9
-	-	-	-	-	-	-	-
78,850	114,750	107,842	6,908	-	-	-	-
-	-	-	-	-	-	-	-
78,850	114,750	107,842	6,908	5	25	16	9
25,850	(8,450)	(6,715)	1,735	30	10	148	138
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,850	(8,450)	(6,715)	1,735	30	10	148	138
104,736	104,736	104,736	-	1,856	1,856	1,856	-
\$ 130,586	\$ 96,286	\$ 98,021	\$ 1,735	\$ 1,886	\$ 1,866	\$ 2,004	\$ 138

(continued)

Charter Township of Flushing
Nonmajor Special Revenue Governmental Funds
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
For the Year Ended March 31, 2006

				Building Department			
				Budgeted Amounts		Variance	
				Original	Amended	Actual	With Final Budget
Revenues:							
Licenses and permits				\$ 64,650	\$ 64,150	\$ 64,433	\$ 283
Intergovernmental:							
Federal				-	-	-	-
Interest				-	-	38	38
Other revenue				200	200	114	(86)
Total revenues				64,850	64,350	64,585	235
Expenditures:							
Current:							
Public safety:							
Law enforcement				-	-	-	-
Building department				67,000	74,475	72,933	1,542
Recreation and cultural				-	-	-	-
Capital outlay				100	200	-	200
Total expenditures				67,100	74,675	72,933	1,742
Excess (deficiency) of revenues over expenditures				(2,250)	(10,325)	(8,348)	1,977
Other financing sources:							
Transfers in				10,000	10,000	8,000	(2,000)
Total other sources				10,000	10,000	8,000	(2,000)
Net change in fund balances				7,750	(325)	(348)	(23)
Fund balance - beginning of year				740	740	740	-
Fund balance - end of year				\$ 8,490	\$ 415	\$ 392	\$ (23)